

MORALS IN BUSINESS

EDWARD A. FILENE

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BY
EDWARD A. FILENE



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ON THE MORALS OF TRADE
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THE BARBARA WEINSTOCK
LECTURES ON
THE MORALS OF TRADE

Publications in this series, of which this is the seventeenth, contain essays by scholars and men of affairs dealing with various phases of the moral law in its bearing on business life under the new economic order, first given as lectures at the University of California on the Weinstock Foundation

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MORALS IN BUSINESS



THERE ARE TWO WAYS of becoming good. One is to become interested in goodness. The other is to become interested in the facts of life.

There are advantages and disadvantages in each way.

A good boy and a bad boy both grew up and became taxi-drivers. The bad boy became a good taxi-driver and the good boy became a bad taxi-driver.

The good boy had the advantage of being considered good; and every time he became absent-minded and took the wrong side of the street, excellent character witnesses testified for him in court. The bad boy had the advantage of keeping his license. Even those character witnesses, when they needed a taxi, always seemed to patronize the evil-minded in preference to the absent-minded.

There are many good men in business.
There are fewer good business men.

A good man in business will not cheat you any more than he would cheat himself. Being interested in goodness, however, rather than in the facts of business, he is all too likely to cheat himself, and the business gets bad and cannot serve you very well.

It takes a good business man to provide good service. If he doesn't give good service, he knows his customers will not come back, while the goods he has sold them will.

He may not seem the least bit moral about it. It is quite possible that he would give poor service instead of good if he could work up a bigger trade that way. But he has been interested in the facts and has found out that he can't. The other gentleman, with a mind so lofty that it is forever soaring far above the facts, is very good. The only drawback seems to be that he is very good for nothing.

I have said it before, but it cannot be emphasized too strongly, that good men frequently do much more harm than bad men ever do.

Bad men commit more than ten thousand murders annually in the United States. But it was under the leadership of good men, not bad, that fifteen million Americans were needlessly allowed to drift into unemployment. It was good men, not bad, who let the whole world drift into war. And it is good men, not the evil-minded, who have so miserably failed to solve world problems that, although no nation and almost nobody within any nation wants another war, nobody seems to know how it can be avoided.

It is not the evil-minded but the absent-minded who constitute our Public Enemy No. 1.

When I say absent-minded, I mean that their minds are absent from the facts, and either off on some idealistic tour or else

playing with some formula which, because it once played a practical part in human affairs, they still consider practical.

It is necessary in every study of morals to make this distinction between traditional morality and matter-of-fact morality.

Morals always begin with facts—mainly with the facts of human relations. Those practices which have worked well are codified, and those who obey the code are considered good people, while those who disobey are considered bad.

This is all right for a while. This is all right until the facts begin to change; for there is little deviation at first between the letter of the code and the facts of human experience.

When the facts change is when the trouble begins. And the facts are always changing more or less. It may be fortunate, then, that we have so many sinners—people who are not over-enthusiastic for the formulas of

goodness and feel rather free to go on experimenting.

Often, they violate the code; and if nothing too serious results, others are encouraged to violate it; and when the code eventually breaks down from all this violation, we cast about us and build a new code more in harmony with our later experiences. Thus we achieve some progress.

In the meantime, however, something terrible is always happening. For those who are most passionately interested in goodness are likely to be least interested in improving the code. It worked, therefore it was good. It was good, therefore it became sacred. It is sacred, therefore it is not to be altered. The bulk of the moral passion of the community is often directed, not toward finding a better way of living, but toward the preservation of a code under which, because of changed conditions, it has become possible to do no end of harm.

All this is particularly applicable to morals in business. Indeed, business morals cannot be disassociated from community morals. But there are many experiments of great moral significance in business which are not generally supposed to be in the realm of morals at all.

One might think, for instance, that there is no particular moral question involved in the problem of whether a merchant or manufacturer shall employ efficient modern methods or continue practices which do not pay. But there is. If his system is bad, he cannot serve the public well, and he cannot even pay his employees as they should be paid. *Poor service is immoral.*

Moralists may not often preach about such things. They are more likely to preach about a taxi-driver's using bad language than about his using bad judgment; but bad judgment on the part of a taxi-driver is much more immoral than any possible

words in his vocabulary could be. Morals are based upon human experience. They are our *mores*, our customs, which have become our customs because they worked for the common good.

One of the great moral dogmas of the past was that thrift is a virtue. It has become a great immoral dogma now, for our modern society would fall apart if modern people were to follow the ancient moral standards of thrift. We make hoarding a sin; for it is only through buying and spending that we can keep ourselves at work and serve everybody by raising the plane of living. Eventually we shall have to recognize that many practices which were once highly moral have become highly immoral, and many practices which were once immoral have become our moral duty.

Not long ago, for instance, it was considered morally degrading for a man to permit his family to become dependent upon the

community. But in present-day life, we are all dependent upon the community; and if the community doesn't exactly owe us a living, it does owe us an opportunity to participate in those processes by which the people of this modern community do make a living.

Independence was a virtue in early America because, under the conditions which then existed, each citizen could take a homestead in the wilderness and, by organizing the whole family to work and save, could secure that family's independence. Today, it may be a sin against one's family, as well as against the community, for one to seek that ancient family independence. For no family can make much of a living in that way now; and to make a living at all, one may have to deprive one's children of education and leisure, to say nothing of modern comforts and luxuries which the children of this new civilization have a right to have.

Independence was a virtue in those early days because it was only by this independent farming that the average man *could* support his family. When the self-contained farm was the only means by which the masses could live, we very properly cultivated the virtues of independence. Now that a far more efficient way of life has become not only practical but imperative, we must learn to cultivate the virtues of interdependence.

Rugged individualism is a constructive force if there are only a few people on a big continent and everybody can practice it. It ceases to be a constructive force in a machine age, in which everybody's work is so closely tied up with everybody else's work that few, if any, can practice it. About all that one can do with rugged, unhampered individualism in such an age is to dream about it; and while one is so dreaming, one is almost certain to neglect one's actual responsibilities.

Any discussion of morals must be fruitless

unless it takes full account of changing economic conditions and the resultant changes in human relations. We often hear it said of persons of doubtful mentality that "at least they know the difference between right and wrong." But they don't. None of us do.

You young men, no doubt, all love your mothers; and soon, if not yet, most of you will undertake to love, honor, and cherish some other woman.

You may think you know exactly how your mother should be treated. And you may think you know exactly how wives should be treated. But the chances are that you won't know *what* to do when your wife and your mother begin to have what they call an understanding.

Furthermore, there isn't a living person who is wise enough to tell you what to do under such circumstances. Nobody knows; and the reason why nobody knows is that times have changed so radically since we had

any workable code concerning this phase of human relations, that nobody has yet been able to figure out just what the rights and duties of a mother-in-law and her daughter-in-law now are.

Until very recent years, in China, there was no such problem. That was because conditions had not changed so much and the ancient codes still held. In America, however, our economic set-up has changed so greatly that our ancient codes are crumbling, not only in business but in all the relations of life.

The good life is as necessary as it ever was, but just what constitutes a good life in these changing times is still an open question.

The good life, it seems to me, is not the life which *has discovered* the difference between right and wrong. The good life is, rather, the life which *is earnestly discovering* that difference and going toward the good.

I was speaking, remember, of the good

life—not necessarily of the lives of good people. The good life is not the perfect life. It is not necessarily the life which is well rounded out, or the life which has achieved all the better-known virtues. The good life may be a life full of mistakes and stumbling. It may not be a pretty life. It may not be at all acceptable as a pattern for others. It is a life, however, which is concerned with the truth of things, rather than with formulas which have become half-truths. Hence, the good life is always driving on. It is getting somewhere. It is alive.

Too often this is not true of the lives of good people. They want to be good, no doubt, and are more concerned with being good than they are with learning anything which might upset their notions of goodness. So they get nowhere. They may be impeccable but they are very dead.

Does it seem strange, I wonder, that a shopkeeper should get to moralizing like

this? What does a shopkeeper know about morals, anyway?

Well, I shall make no apology. I shall simply direct attention to the fact that this is a business civilization; and if we want to discover its moral values, it would seem necessary to look into the facts of its business set-up.

Morals are temporal and local. They are local because people live in different places, where conditions are different; and they are temporal because people live in different times and times change.

I am fully aware that the world has not habitually turned to business in its search for standards of morality. We shopkeepers have an ignoble heritage. From time immemorial, trade was deemed dishonorable and the tradesman was supposed to be a liar and a cheat.

It is all quite understandable. Business in ancient times was very largely banditry,

and world trade was just another name for piracy.

The trader produced nothing; and if he rendered any service to anybody else, it was entirely unintentional. He was an alien even in his own land, for *he did not participate in the economic process of the times.*

That statement may at first seem startling. We have become so used to thinking of economics as a study of the laws of trade, that we may have some trouble in trying to correct the notion. Economics, however, is the study of the way in which the people of human societies get their living; and not until relatively recent times has trade had much to do with that.

Mainly, people have got their living by hunting and foraging, by roaming over the face of the earth with their flocks and herds, or by settling upon the land in little communal groups and tilling the soil.

We do not know when trade began; but

for many ages, we know, it cut very little figure in the average man's economy. The land was the source of wealth—the means of human life—and those who held titles to the land were noble. Those who lived by their wits instead—those who profited by the misfortunes of others, and who accumulated wealth outside the process under which wealth was actually produced—were ignoble.

The lords of one society, to be sure, might make war upon the lords of another society and rob and enslave their people, and that was perfectly noble. But we won't go into that. The point is that the trader everywhere was very much a social outcast.

And he knew it. He accepted the situation. He lived up to his bad reputation; and not until trade had expanded to such a point that it began to cut a real figure in the world's economic life did trade develop anything resembling morals.

The odor of dishonor, in fact, still clings to trade. With the great tradition of aristocracy behind us, it could hardly be otherwise. As trade grew, however, some practices were gradually abandoned. It was bad business, it was eventually discovered, for a trader to take everything from a customer and give him nothing. "All that the traffic will bear" became the business code, and this marked a great moral advance. It was more moral than previous codes because, if it were followed, it would not utterly stop traffic. A little trickle, at least, would continue.

I said it marked a moral advance; but the moral advance was registered by those who developed the code, not by those who stuck to it as the last word in business morals.

One day someone made an analysis of business and discovered that honesty is the best policy. That was a great day in human history. Aristocrats, of course, sneered. Their word of honor was sacred, they said,

and had nothing whatever to do with profit or loss. It took the base mind of a trader, as the nobles saw it, even to think of honesty in terms of whether or not it paid.

But there is this to be said for the other side. While the nobility held to their ancient formulas, business took a step ahead. The moral problem of aristocracy was one of remaining, if possible, as good as it had ever been. Business seemed to have no moral problem. Its problem was how to do more business. To do that it had to become more honest—more moral.

When I entered business half a century ago, "let the buyer beware" was still the accepted practice. I remember a startling innovation in my father's store—his putting up a sign which created mystification.

It read: "One Price to All."

Many thought it would be a bad place to trade. They would rather take a chance in some store where they could beat the mer-

chant down. But it worked. It resulted not only in the same price to everybody but in a lower price to everybody. Competitors generally had to adopt the plan, and business gave incalculably more service than it had ever given before.

Before the introduction of this practice, business had given relatively good service to a few customers, and might even sell certain things to certain persons below cost, making it up by over-charging others. Now, it not only refused to take this sort of advantage of anyone but so simplified business practice that all could be served to better advantage than even the expert hagglers were served before.

Here was something better—more moral—than mere honesty, but merchants did not think of it in terms of morals. When they thought in terms of goodness, instead of in terms of good business practice, they were more likely to give their money away in

charity. Then the results were usually not so good.

Every employer had to hire labor, it was supposed, at the very lowest wages for which workers would work; and when people were terribly in need of work, they would work for almost anything. Employers, however, who assumed that this was a necessary business practice, often did want to be good to their employees. Sometimes they bought turkeys for them at Thanksgiving, not because working people were entitled to eat turkey, but so that they might be thankful that they were working for such good and kind employers.

But something was forever going wrong with all this charity and philanthropy. The workers often resented it outright. These good employers meant well. They were simply trying to be good according to the accepted patterns of goodness, but the results were often disastrous.

Other business men, however, were more intent upon becoming good business men. And along came Ford who hated so-called philanthropy but wanted to find out how to make and sell cars, instead of merely learning what the usual practice was.

You know his findings. One does not have to accept Mr. Ford as a profound philosopher, nor an ideal employer, and one may disagree with him in many ways. It remains true, however, that Mr. Ford, in his efforts to become a good business man instead of a good man in business, discovered and demonstrated truths which must inescapably result in the creation of a better world.

He discovered the secret of mass production—not only that mass production is more economical and more profitable than any other form of production, but that, with all its economies, it must logically become untenable unless it is accompanied by mass consumption.

He discovered that business cannot sell more than the people as a whole can buy, and that it is the function of business to provide the people with buying-power.

He discovered that high wages, instead of meaning an additional expense to a business, are necessary to business success, and actually result in lower labor-costs per unit of product, which is the only sane way to figure labor costs.

He did not discover a Utopia. Nor did he discover a system of society to be put into operation at such time as society may be induced to abandon the system upon which it is currently depending. He was just a business man, and proved that all these principles of his were simple and successful business principles; but the moral advance inherent in these discoveries is incalculable.

Take the case of a hard-headed, fact-finding merchant, who has the courage to follow where the business facts lead, as contrasted

with some ever-so-good storekeeper, who wants like everything to raise the moral standard of his employees but is so interested in goodness that he neglects to discover the facts.

Some of you possibly know both types. One of them gives to all good causes; and to find the money with which to give, he charges the gifts to the expense of the business. In other words, he makes his customers pay his charity bills. It isn't good business; for many of his customers, finding his prices high, do not return. With less business than before, and the same overhead, he now tries to cut expenses; and not knowing much about the facts of business, he thinks of two things. He doesn't want to lay anybody off and he doesn't like to cut anybody's salary. He even explains as much to those he does lay off, and to those whom he cuts. But they don't like it very well; and neither do his remaining employees like it when it is ex-

plained that they will have to sell more of the goods which have not been going very well, if they hope to hold their jobs. Nevertheless, they do their best to sell those goods at the same old price; and if they have to lie and misrepresent the goods to do it, they excuse themselves with the thought that they'll be fired if they don't. And when they attend some store rally, and the Big Boss comes in and addresses them concerning the kind of moral lives that they should lead—somehow it doesn't go down very well.

But take the other merchant, the hard-headed fact-finder. He's in business for profit, and fact-finding has convinced him that people prefer to buy, as a rule, where they can get the most value for their money. Perhaps he doesn't think so much, then, about good causes as he does about good goods. And if he makes a mistake and buys goods which aren't so good, he tries to correct the mistake instead of organizing his

business around it. He doesn't know what his customers want; and instead of guessing, and letting it go at that, he does his best to find out.

He discovers that they want their money's worth. He discovers that they want good goods at prices within their reach. And he discovers that, if they do not get satisfactory goods, or pay more than it is necessary to pay for the goods they get, those customers are not likely to return.

He has stocked his shelves with things he *thought* his customers would like. But mere opinion does not satisfy him. He wants to *know*. The best of buyers are not infallible, he reflects. How is he to be sure of what his customers want? And how is he to know the price which they will gladly pay? Unless he can offer his goods at such a price, he knows, there is little chance of his holding his customers.

So he proceeds to find out. The good man

in business, as distinguished from the good business man, doesn't think of that. The good man in a bad fix doesn't see any way out of his difficulties except high-pressure salesmanship—forcing on his customers those goods he happens to have in stock. But the fact-finder will not do this. He will not do it because he does not want to drive his customers away. This may seem like a base motive, but see how it works out.

He too talks to his sales force, and he says things which startle them. He doesn't suggest any new tricks of salesmanship. He suggests, rather, that they make no particular effort to get rid of certain goods, lest in doing so they get rid of certain customers.

"The safe plan," he explains, "is to treat every customer as you would treat your own parents if they were at your counter. Find out what they want. Remember how little money they have to spend, and how much it means to them to pay more than it is neces-

sary to pay for anything. Then, if you have what they really want, at a price which they can afford to pay, let them have it. If you cannot fill their orders in this way, and you know of some place where they can get better values for the money, *send them there.*"

This sounds so amazingly unselfish that the salespeople may wonder if the boss is in his right mind.

"You don't mean to send them to some other store?" they may ask.

Surely. Why not? If they buy something they do not want at his store they will go to some other store eventually. The way to keep them coming to his store, he has discovered, is to make sure that they always get their money's worth whenever they do trade with him.

And how about those goods which are still left on the shelves? The problem is easy—for the fact-finder. All he has to do is mark them down to a point where they will be-

come desirable. To be sure, he may lose money for the moment. But he will gain business. He will gain the confidence of the public. And he will in his future purchases correct the mistake which he made when he bought those goods, instead of incorporating that mistake in his future policy.

If the goods were disposed of by high-pressure salesmanship, the shelves would be quite as empty for the moment as if they had really been in demand. The buyer will have no means of knowing how the goods were sold. He will know only that they were sold; and he will restock the shelves with that kind of goods. In other words, he will organize the whole business, not to attract customers, but to drive them away.

The fact-finder, let him be ever so hard-headed, will not fall into such a trap. He will organize the business for maximum service. He will restock with lines which his customers really want—not with lines which

they have been artfully induced to buy. And the public will trade with him, more and more, not because they think of him as "such a good man," but because he can be depended upon to keep a good store.

Such a merchant, incidentally, will not have to cut wages. By fact-finding, he will come to see the necessity of raising them; for only when wages are good, and only when employees know that increased efficiency will surely be reflected in better wages to them, is it possible to keep a business at maximum efficiency.

And as to laying off employees, he will have no problem at all. Let a merchant follow fact-finding far enough, and he will soon need more employees. In his relations to his employees, then, as in his relations to the community, there will be something more than honesty and more, even, than justice. There will be friendship—a warm, human acceptance of the principle of coöperation.

In a word, there will be the Golden Rule in actual operation, not as a hazy ideal to be applied at some glamorous moment in the future, when human selfishness and human nature shall have been overcome. It will be in actual operation because *it will have been discovered* as a practical principle, instead of being accepted as a holy but impractical precept.

It is far from my intention, however, to eulogize modern business. Most of it is still very bad; but experience should teach us that we cannot look for much moral improvement until it is discovered that the things which are bad in business constitute bad business.

It was bad business when England, in her eagerness for trade expansion, forced the opium trade on China. England is still paying for that mistake.

It was bad business when our leading industrial nations, in competition for commer-

cial supremacy, brought the whole world into war. We are all still paying for that.

Many schools of salesmanship in America today are made up largely of courses of instruction in very bad business. These schools assume to teach their students how to sell whatever they may be engaged to sell; whereas one of the primary courses in any good school of salesmanship would be the teaching of WHAT NOT TO SELL and WHEN NOT TO SELL.

I know one land salesman so expert in overcoming sales resistance that he sold one family so much land, on so-called easy payment terms, that the monthly installments were larger than the family's entire monthly income.

I know of other land salesmen—of course this would not happen in California—who have attracted Easterners to the West with pretty pictures of fruit trees; and the Easterners have invested their life's savings in

land which they were not equipped to till, at times when even those who were equipped could scarcely make a living in the process.

That's bad business. Selling anything to anybody is bad business, if the transaction is not profitable to the buyer. Wall Street, I know, thought it was doing a great business in 1928 and 1929; but if I remember rightly, it did not pan out so very well for Wall Street after all.

Business men all over America today are still fearful of unemployment insurance, sickness- and old-age pensions and other social legislation aiming at economic security for all. Are these men heartless? No. Can they not see how terrible unemployment is? Of course they can. They can see how terrible it is to the unemployed; but they do not yet see how expensive it is to business, and how profitable unemployment insurance would be to their own business enter-

prises. When they see that, they will do selfishly what their hearts have been telling them to do unselfishly, and establish adequate unemployment insurance; and they will do it better by doing it selfishly than they could possibly do it by doing it unselfishly.

The great moral significance of the present moment in American history is that we have reached a point, and have at last embarked upon an economic program, which makes it imperative that we discover these truths.

We can no longer plead that "business is business," as we could when it was possible for people to carry on outside the business order. The business order and the human order have now become one; and every violation of human good must be eliminated from the business code.

America was recently thrilled that child labor, one of the most loathsome of our so-

cial sores, passed away in a flash. But that is only an incident in the course of fact-finding. Fraudulent advertising must soon follow. Business which does not protect the buyer must go. And in the course of time, the immoral, sinful wastes of production and, still worse, of distribution, must be eliminated. What I foresee as a direct result of dealing in a business way with the business facts of this business civilization, is the dedication of business to human service, and the development at last of a practical morality which, for the first time in human history, realizes our highest human ideals.

Now, I think I know what is on the minds of some of my hearers. If business morals have been improving, they may ask, and if fact-finding has been producing not only better business methods but better human relations, how do I account for its all heading up, not into a period of comparative peace and prosperity, but into the worst

business and social debacle that we have ever known?

The point is well taken. Mass production, even though it led to the discovery that business, to continue successful, must serve the masses, created prosperity much more rapidly than we were prepared to handle it.

We liked the prosperity; but we viewed it through the lens of tradition, instead of finding out just what it actually was. We had created a tremendous surplus; but we viewed that surplus with the formulas of an agrarian age which had never had a surplus and couldn't possibly imagine such a thing.

Our finances, for one thing, were being directed in the main by men who were following the best traditions of finance. To a certain extent, they were even fact-finders. In a way, they even believed in service. But they failed to recognize the revolutionary character of the changes which had occurred, and the completely different basis,

therefore, upon which finances must now be organized.

I insist that they were not bad men. They all had standards of goodness and morals to which, as a rule, they faithfully adhered. But these were standards of other times. The trouble was that *they were not good financiers*—at least, not for the nineteen-twenties. They did not comprehend the financial needs of this era of mass production, which required mass consumption to make it work. If you had asked them to arrange for the financing of mass consumption, they would not have known what you were talking about; and they would not have bothered to find out. They were the ones who understood finance, they said. They were thoroughly familiar with its tried and true principles—that is, with the principles which had been applicable when conditions were altogether different; and when it was not necessary, from the business viewpoint,

that the masses should have, not only economic security, but greater and ever greater prosperity.

Yet that was about all that was needed to make business prosperity permanent—just an arrangement of our financial affairs so that every increase in our productivity would immediately be met by a corresponding increase in the capacity of the masses everywhere to purchase and consume the product.

Of course, this would require some coordinated plan of production and distribution; but all that these financiers would have had to do was to order the drawing up of such a plan and one would have been drawn up immediately.

Almost any plan would do, if it was based upon the facts of the situation. It would have to provide, of course, that factories and railroads be erected when there was a human need for their products, not whenever

someone felt like selling more securities. It would have to be a plan of actual human service, not a mere Chiseler's Dream.

It must, of course, include permanent and secure employment for every employable person, and ample funds for the support of the helpless, the incompetent, and those too young or too old to work; this, not as a charity, but so that the social nuisance of poverty and its accompanying evils might be abolished from our earth, and that these, too, should contribute by their buying to keep industry from being choked by its own product.

And it must have arranged, of course, for the employment of money as a medium of exchange. For our world now was based upon exchange. The old agrarian economy had gone, as far as our country was concerned. From an era in which people got almost all their living from the soil on which they lived, and to whom trade was at best a

mere incident, we had evolved into an era in which all of us, including our farmers, got most of their living within the institutions of trade.

That situation gave money an entirely new character. Now it was impossible for people to live without it. Sane financing demanded, then, that everybody have sufficient money with which to purchase the things which it was necessary for them to purchase, if business was to sell the things it had to sell, and if the masses were to be kept employed.

This was not a difficult problem, if the mind of business had really cared to solve it. But the mind of business was not on this business problem, and you know what happened. It is what always happens when, instead of dealing with the facts of any situation, we attempt to deal with it according to our traditional moral formulas.

These financiers, not being able to per-

ceive the new responsibilities created by the new stage of business development, did not become villains. They simply became good men doing villainous things. Not understanding that finance had suddenly become a problem of getting buying-power to the masses, they went on trying as usual to accumulate and control the new wealth which was now being produced on such a prodigious scale. There was no method in this madness. There was only habit—tradition. In other times, the mere accumulation of money and its investment in further productive enterprises had proved justifiable, so they continued to think of it as justifiable. And there was so much wealth waiting to be invested now that it seemed unnecessary even to wait for industries to become profitable before taking the profits.

So they discounted the expected profits of the mergers which they floated, and called the operation "finance"; and their rake-offs

were so great, frequently, that the mergers were handicapped and unable to become profitable at all. For the time being, however, that did not seem to matter. Securities could be sold at higher prices; and so long as that was true, they would be bought for resale, and the prices would therefore keep going up. To accumulate money, regardless of what money was, and regardless of the fact that money would soon vanish unless it were directed toward the mass buying of the enormous and ever-increasing volume of things which were now being produced—that is what these good men still looked upon as finance.

And when the bubble broke and the nation lay prostrate, they trotted out their ancient and futile goodness once more.

It cannot be said that American business leaders during that depression were not good, kind, charitable, and public-spirited. Because they had not arranged for universal

and secure employment, however, they now worked early and late for the relief of the unemployed. And the more they relieved the unemployed according to their good old charitable traditions, the more unemployment there was to be relieved.

It could not work out any other way. Unemployment creates no wealth. It is the negation of the exchange of service—the very principle upon which our machine-age economy is based. So we sank presently into further and further depths; until one day, a leader arose among us, and suggested that we deal with the facts.

He admitted that he did not know what to do. Therein lies the greatness of President Roosevelt. He suggested that we find out what to do—all of us—and that we work out a plan which would leave none of us out.

He did not say what that plan would be. There is no reason to believe that he knew. He did know, however, that it would surely

violate tradition and precedent; and the Apostles of tradition and precedent feel the violation keenly.

But at last we are on our way. The real facts and the actual human relationships of this business civilization are at last being discovered and dealt with; and the farther we go in that direction, the more beautiful the human prospect is.

No moral code of other ages can possibly serve our purpose now. No mere list of Thou-Shalt-Nots. No mere code of honesty and fair dealing. Not even a code of individual rights. All these old codes can come alive, in fact, only if we perceive them, not as final dicta concerning moral conduct, but as guideposts along the path of moral progress.

I surely do not wish to infer that business, having made such obvious moral progress through the centuries, is now entitled to a halo. I wish merely to emphasize that each

true advance was brought about, not so much by a great moral awakening as by a great business awakening—the perception that it was no longer good business to continue the practices of the previous era—and this awakening seems always to have occurred in connection with some definite change in the relation of trade to human economy.

Wherever the agrarian economy still lingers, and it is still possible for the masses of the people to get most of their living directly from the soil, business is still largely a matter of haggling—of taking, in each transaction, as much as one can take, and of giving as little as possible in return. This policy becomes less and less tenable wherever the machine age is in the process of development and it has been bad business policy in America for many years.

Those who have tried to improve the situation, however, by substituting a traditional moral code for the traditional business code,

have usually met with failure or with very limited success. They have gone in strong for charity, for welfare work, and for the support of worthy institutions, sometimes dominating those institutions—such as our institutions of higher learning—to keep them from antagonizing what seem to be the business interests.

It is those who have discovered that it pays to give the utmost possible service who have led the way to a higher morality—that it pays to make prices as low and wages as high as they can possibly be made, that it pays to be truthful in advertising, that it pays to eliminate graft in government and all waste in human life.

This may not seem to be an idealistic approach to moral problems, but the results are great. There is a reason. For it is the way of fact-finding; and if we chase the facts far enough, we are sure to discover Truth. Our motives may not seem saintly. We simply

want to KNOW at any cost. But fact-finding, if carried through, can lead to but one thing; that is the law which governs the universe—the Law of God—which is good enough.

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